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AUTHOR	Goldberg, Heidi
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ABSTRACT

A significant number of current and former Temporary Assistance for Needy Families (TANF) recipients have various barriers to finding and maintaining employment. Among the most common barriers are physical and mental health problems, domestic violence, low skill levels, lack of adequate or affordable housing, and limited proficiency in English. Research has shown that recipients with work barriers are less likely to find jobs, have lower earnings on average, and are more likely to lose assistance because of a sanction for program noncompliance than families without barriers. Poor outcomes are especially likely for families that experience more than one barrier to employment. Welfare reauthorization offers an opportunity to improve services and outcomes for these disadvantaged families. Changes that could be made to TANF to improve program outcomes for families with work barriers are allowing states to count individuals placed in "barrier removal" activities toward the federal work participation rates; developing sanction procedures that address barriers and increase compliance; improving service delivery for families with barriers; giving states flexibility to grant extensions; and funding innovative strategies to improve employment outcomes for recipients with barriers. (YLB)

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IMPROVING TANF PROGRAM OUTCOMES FOR FAMILIES WITH BARRIERS TO EMPLOYMENT

H. Goldberg

by Heidi Goldberg[1]

A significant number of current and former TANF recipients have various barriers to finding and maintaining employment. Among the most common barriers are physical and mental health problems, domestic violence, low skill levels, lack of adequate or affordable housing, and limited proficiency in English. Research has shown that recipients with work barriers are less likely to find jobs, have lower earnings on average, and are more likely to lose assistance because of a sanction for program noncompliance than families without barriers. Poor outcomes are especially likely for families that experience more than one barrier to employment. Welfare reauthorization offers an opportunity to improve services and outcomes for these disadvantaged families.

After summarizing research on the prevalence and effects of various barriers to employment, this paper discusses changes that could be made to TANF to improve program outcomes for families with work barriers.

The Extent and Effects of Barriers to Employment

A number of studies documenting the extent of various barriers to employment among current and former TANF recipients have been conducted since the passage of the 1996 welfare law. The precise estimates of the prevalence of a particular barrier, the population studied, and the way in which barriers are measured vary; however, when these studies are taken together, the following conclusions emerge:

- Physical and mental health conditions and low education levels are the most prevalent barriers documented among TANF recipients. Other common barriers include domestic violence and limited English proficiency.

- Recipients with such barriers are less likely to secure employment than other recipients.

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[1] The analysis and recommendations presented in this paper were developed collaboratively with the Center for Law and Social Policy.

820 First Street, NE, Suite 510, Washington, DC 20002
Tel: 202-408-1080 Fax: 202-408-1056 center@cbpp.org www.cbpp.org

- A large number of families experience more than one barrier to employment. The likelihood of a recipient finding employment falls as the number of barriers she experiences increases.

- Recipients that lose cash assistance because they were sanctioned off the program for noncompliance with program requirements are more likely to experience barriers to employment than those who have left welfare for other reasons.

Research Findings on the Prevalence of Barriers

Various studies have measured the prevalence of an array of barriers. These studies find particularly high rates of barriers related to the health both of parents and children receiving TANF.

- ***Physical and Mental Health Problems:*** TANF recipients are more likely to suffer from physical or mental health problems that limit employability than the general population. The Manpower Demonstration Research Corporation (MDRC) found that nearly one-third of the non-working recipients studied reported having fair or poor health. (This study measured barriers among recipients in four urban areas.) Nationally, only eight percent of similarly aged women report having fair or poor health status. Similarly, while 44 percent of non-working TANF recipients reported having a physical condition that limited moderate activity – such as pushing a vacuum cleaner – less than 10 percent of similar women nationally reported having such limitations.[2] In a national study of TANF recipients, the General Accounting Office found that 44 percent of TANF recipients nationally had at least one physical or mental health impairment, three times higher than the rate of such impairments among adults not receiving TANF benefits.[3] Findings

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[2] Denise Polit, Andrew London, and John Martinez, *The Health of Poor Urban Women: Findings from the Project on Devolution and Urban Change*, Manpower Demonstration Research Corporation, May 2001, http://www.mdrc.org/Reports2001/UC-HealthReport/UC-HealthRpt-FullRpt2001.pdf. This research project studied a sample of low-income women in Los Angeles, Miami, Philadelphia, or Cuyahoga County in Ohio, which includes Cleveland. Some of these women received TANF cash assistance, many did not. The results presented in this paper refer to the women who were receiving TANF and who were not employed. The authors noted that health problems were likely to be underreported and underrated in the survey. Ethnographic interviews revealed serious health problems in some respondents that initially stated they were in good health in the survey. The researchers also noted that the survey data did not accurately reflect severity of problems the mothers and children faced.

[3] U.S. General Accounting Office, *Welfare Reform: More Coordinated Federal Effort Could Help States and Localities Move TANF Recipients With Impairments Toward Employment*, October 2001. GAO reports can be found at www.gao.gov. GAO developed estimates of TANF recipients with impairments using data from the Census Bureau's Survey of Income and Program Participation (SIPP). Census classified SIPP respondents as having a disability or impairment if they met specific criteria on a nine-item scale, including having difficulty performing certain functional activities, difficulty with activities of daily living, having a mental or emotional impairment that interferes with daily activities, having a condition that limits ability to work, or having certain

from these two studies and one other national study that documents the prevalence of health problems among TANF recipients are summarized in Table 1.[4]

- ***Drug and Alcohol Problems:*** Accurate estimates of the number of welfare recipients that have alcohol or drug problems are difficult to obtain generally and vary considerably depending on the definitions used. In a survey of the existing research on the extent of these problems among welfare recipients, researchers at Mathematica Policy Research found that estimates of the welfare population nationally that abuse alcohol or other drugs range from 11 percent to 27 percent. More recent studies suggest similar results.[5] Mathematica also concluded that approximately five percent of welfare recipients were "dependent" on alcohol or other drugs.

- ***Children's Health***: The MDRC study found that one-fourth of non-employed mothers receiving TANF had a child with an illness or disability that limited the mothers' ability to work or attend school.[6] Similarly, in a study in conducted in an urban county in Michigan, 22 percent of respondents had a child with a health, learning, or emotional problem.[7] A child with a health problem can inhibit a parent's ability to work. Some children require frequent trips to medical professionals and it is often difficult to find appropriate child care for such children.

- ***Domestic Violence:*** Domestic violence can affect recipients' physical health and safety as well as their mental health. A review of the research on the prevalence of domestic violence among low-income women generally also reviewed studies of welfare recipients. These studies showed that between 15 and 30 percent of

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illnesses or conditions such as Alzheimer's disease, mental retardation, or another developmental impairment.

[4] For more information about the prevalence of disabilities in the TANF population, see Eileen Sweeney, *Recent Studies Indicate That Many Parents Who Are Current Or Former Welfare Recipients Have Disabilities And Other Medical Conditions*, Center on Budget and Policy Priorities, February 2000, http://www.cbpp.org/2-29-00wel.pdf.

[5] See discussion in Gwen Rubinstein, *Making Welfare Reform Work Better: Improving TANF Program Results for Recipients with Alcohol and Drug Problems, Recommendations for TANF Reauthorization,* Legal Action Center, September 2001.

[6] Polit, London, and Martinez, 2001.

[7] Sandra Danziger, et al., *Barriers to the Employment of Welfare Recipients*, University of Michigan Poverty Research and Training Center, February 2000, http://www.ssw.umich.edu/poverty/pubs.html.

Table 1
Prevalence of Physical and Mental Impairments Among TANF Recipients: Findings From National Studies

STUDY	DATA	MAJOR FINDINGS
U.S. General Accounting Office, 2001	National sample of TANF recipients from 2000 Survey of Income and Program Participation (data are for 1999)	• 44 percent of all recipients reported at least one physical or mental impairment • 38 percent reported a severe impairment • 29 percent reported at least one mental impairment
Urban Institute, 2001[8]	National sample of TANF recipients from the 1999 National Survey of America's Families	• 36 percent reported either very poor mental health or that health limits work • 17 percent reported that health limits work • 28 percent reported very poor mental health
Manpower Demonstration Research Corporation, 2001	Sample of TANF recipients from Los Angeles, Miami, Philadelphia, and Cuyahoga County, Ohio (Cleveland), interviewed between 1998 and 1999	Among *non-employed* TANF recipients: • 32 percent reported fair or poor health • 34 percent had a physical problem that limited work or type of work • 33 percent were at moderate or high risk for depression

welfare recipients have been recent victims of domestic violence. Between 50 and 65 percent of recipients were victims of domestic abuse at some point in their lives.[9]

In addition to health-related barriers to employment, low education levels, limited English proficiency and learning disabilities can all affect TANF recipients' labor market prospects. Recent research has documented the extent of many such barriers among TANF recipients.

- ***Low education levels:*** A report by the Urban Institute found that 44 percent of adults receiving TANF cash assistance in 1999 lacked a high school diploma or GED.[10] Census data show that nationally, only 12.7 percent of women between the

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[8] Sheila Zedlewski and Donald Alderson, *Before and After Reform: How Have Families on Welfare Changed?*, Urban Institute, April 2001, http://newfederalism.urban.org/html/series_b/b32/b32.html.

[9] Richard Tolman and Jody Raphael, *A Review of Research on Welfare and Domestic Violence*, Journal of Social Issues 655-681, 2000. Estimates of the prevalence of domestic violence experienced by welfare recipients vary depending on the measure used. Some studies measure only very severe abuse while others use a more broad definition of violence.

[10] Zedlewski and Alderson, 2001.

ages of 18 and 54 lack a high school diploma or GED.[11] The lack of a high school diploma can make it difficult for individuals to find jobs either because a diploma itself is a job requirement or because individuals without the skills of a high school graduate cannot perform the duties associated with many jobs.

- ***Limited English Proficiency:*** Persons with limited proficiency in English constitute a significant share of the TANF caseload in some urban areas. For example, in Los Angeles County, 41 percent of the TANF caseload has limited proficiency in English.[12] While an accurate national estimate of the percentage of TANF recipients with limited proficiency in English is not available, approximately 17 percent of the national TANF caseload is foreign-born and it seems likely that a significant share of these families have limited proficiency in English.[13] Individuals with limited proficiency in English often can have difficulty securing employment as many jobs require employees to communicate with customers, co-workers, or suppliers in English.

- ***Learning Disabilities:*** Studies in Kansas, Washington State and Utah suggest that between one-fifth and one-third of parents receiving TANF have learning disabilities — neurologically-based problems that make it difficult for individuals to process information. The problems may involve language, motor activity, reading, writing, math, organization, or other tasks that are important to functioning in a work setting.[14]

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[11] 1998 Current Population Survey figures cited in Danziger, 2000.

[12] Karen Tumlin and Wendy Zimmerman, *What Does "Work-First" Mean for Immigrants?*, Urban Institute, paper presented at Association for Public Policy and Management Conference, November 2001.

[13] Id. A survey of Mexican and Vietnamese noncitizens receiving TANF benefits in late 1998 in Santa Clara County, California, found that forty-eight percent of the Mexican participants and 87 percent of the Vietnamese participants had "poor to no" proficiency in English. Doris Ng, *From War on Poverty to War on Welfare: The Impact of Welfare Reform on the Lives of Immigrant Women*, Equal Rights Advocates, April 1999, available on the organization's World Wide Web site at http://www.equalrights.org/welfare/iwwp/index.htm.

[14] See Martin Gerry, Candace Shively, "The Kansas Learning Disabilities Initiative," January 1999; "Learning Disabilities: A Report by the State of Washington Department of Social and Health Services, Economic Services Administration, WorkFirst Division," September 1998; Amanda Smith Barusch, Mary JaneTaylor, et al., "Understanding Families with Multiple Barriers to Self Sufficiency: Final Report," University of Utah Social Research Institute, February 1999, http://www.socwkutah.edu/finalreport.htm. See also Rebecca Brown, Evelyn Ganzglass, Serving Welfare Recipients with Learning Disabilities in a Work First Environment," National Governors Association, July 1998, http://www.nga.org.

Table 2
Prevalence of Work Barriers Among TANF Recipients in an Urban Michigan County[15]

Type of Work Barrier	Prevalence (%)
Education, Work Experience, and Job Skills	
No high school diploma or GED	31.4
Low work experience (worked less than 20 of years since 18th birthday)	21.4
Knows fewer than four job skills[16]	21.1
Knows 5 or fewer work norms (measured by responses to questions about the appropriateness of certain workplace behaviors)	9.1
Discrimination	
Four or more instances of prior discrimination on the basis of race, gender, or welfare status	13.9
Transportation	
No car or drivers' license	47.1
Physical and Mental Health	
Major depressive disorder	25.4
Post Traumatic Stress Disorder	14.6
Generalized anxiety disorder	7.3
Alcohol dependence	2.7
Drug dependence	3.3
Mother's health problem	19.4
Child health, learning or emotional problem	22.1
Domestic Violence	
Severe abuse from a partner within the past year	14.9

[15] Danziger, 2000.

[16] The job skills measured included: working with a computer, writing letters or memos, watching gauges, talking with customers face to face, talking with customers on the phone, reading instructions, filling out forms, doing arithmetic, and working with electronic machines.

An intensive study conducted in an urban county in Michigan provides the most complete analysis of the range of work barriers among TANF recipients. This study measured the prevalence of barriers among a sample of women receiving welfare in February 1997. Its findings are summarized in Table 2.

Multiple Barriers to Employment

A number of studies have shown that many TANF recipients experience more than one barrier to employment. In an Urban Institute study of TANF recipients from across the country that measured a range of different work barriers — including six physical or mental health measures, two measures related to skill or work experience, and four other barriers related to transportation problems, language barriers, barriers associated with children's health and age. The study found that 44 percent of TANF recipients had two or more of these barriers.[17] In the Michigan study, almost two-thirds of the women surveyed had two or more of the 14 barriers measured and more than four in ten had at least three.[18] (See Table 2 for a list of the barriers studied.) Finally, the MDRC study found that many current and former recipients with health-related barriers to employment had additional non-health-related barriers, including limited education and work experience, limited proficiency in English, and having more than three children. When both health and non-health barriers were considered, more than 85 percent of non-working TANF recipients surveyed experienced at least *two* of the barriers, and 44 percent experienced at least *four* barriers.[19]

Work Barriers and Employment Outcomes

TANF recipients with barriers to employment have lower rates of employment than recipients without barriers. The Michigan study analyzed how work barriers limit employment. The study examined the relationships between certain barriers and the likelihood of employment among a group of women who received welfare in February of 1997. Some barriers had a particularly pronounced effect on employment. For example, only 39 percent of women without a high school degree were working at least 20 hours per week when interviewed in late-1997 compared to 66 percent of women with a high school degree. Similarly, among recipients who had poor physical health that limited their ability to perform moderate activities, only 39 percent were working when interviewed in late 1997. Among those without such physical health problems, 62 percent were employed. Other barriers that had a significant impact on employment

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[17] Sheila Zedlewski, *Work-Related Activities and Limitations of Current Welfare Recipients*, Urban Institute, 1999, http://newfederalism.urban.org/html/discussion99-06.html.

[18] Danziger, 2000.

[19] Polit, London, and Martinez, 2001.

were depression, low work experience, few job skills, perceived discrimination, transportation, and child health problems.[20]

The study also found that the likelihood of employment decreases sharply and significantly as the number of barriers increases. Women with only one barrier were significantly less likely to work compared to women with no barriers (71 percent versus 82 percent). Women with two or three barriers had a 62 percent chance of working; women with three or more barriers had only a 40 percent chance of working.[21]

The Urban Institute study measured the likelihood that a recipient was working, in school, or looking for work. The study found that 86 percent of TANF recipients with no barriers were participating in a work activity compared to 60 percent of those with one barrier. In addition, recipients who experienced a barrier to employment were more likely to be engaged in a job search activity — rather than working or participating in education — than recipients without barriers. Since job search programs generally entail fewer services related to barriers than other work-related activities, this finding is troubling. Most recipients with multiple barriers were not participating in any a work activity. Some 57 percent of those with two barriers and 73 percent of those with three or more barriers reported that they were not currently participating in a work-related program.

While these studies demonstrate that barriers reduce the likelihood that a recipient will find employment, they also show that many recipients with barriers do work. It is likely, however, that more such recipients could secure employment if they received services designed to help them overcome their barriers and prepare for work. There is evidence that many recipients do not receive such services. A recent GAO study of TANF cash assistance programs in 600 counties examined the way in which these programs identified recipients who had various barriers to employment who might need specialized services. The study found that while most counties did some screening of recipients, many barriers that are more difficult to detect – such as mental illness or learning disabilities – were not identified. More than three-quarters of welfare offices in the study relied on recipients' self-disclosure of barriers instead of using screening and assessment tools. These tools generally are able to identify more people with certain barriers then a simple question which requires individuals to "self-identify" themselves as having a particular problem.

The GAO study also found that once barriers were identified, recipients often did not receive services designed to address those barriers and help them secure employment. Some 63 percent of the counties studied exempted TANF recipients with physical or mental impairments from participation requirements entirely. While exemptions are appropriate for some recipients

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[20] Danziger, 2000.

[21] The study used regression analysis to estimate the effects of different numbers of barriers on the likelihood of employment. The sample for the Michigan study consisted of women who were receiving welfare in February 1997 and were interviewed at the end of 1997.

Lack of Stable Housing Can Be a Barrier to Employment

While different in nature than a physical or mental impairment that impedes a recipient's ability to secure employment, unstable, inadequate, unsafe, or unaffordable housing also can make it difficult for a parent to retain employment. These housing conditions can lead to frequent moves which can disrupt job attendance and performance. In the national Post-Employment Services Demonstration, nearly one in five families reported housing problems as a barrier to keeping a job.[a] A 1999 survey in New Jersey found that about one in five of the families that had ever worked cited housing problems as a barrier to work.[b]

There are a number of ways to modify the TANF statute to make it easier to address the housing needs of families with children. First, states should have broader flexibility to use TANF funds to provide supplemental rental assistance to families not receiving TANF cash benefits. To this end, housing assistance for such families should be treated as work supports rather than welfare payments that trigger time limits and other requirements. States have found it cumbersome to use TANF funds for such initiatives. States also should have flexibility to use TANF funds for minor housing rehabilitation to ameliorate harmful housing conditions. MDRC's study of the health of current and former welfare recipients found that non-working TANF recipients were nearly 50 percent more likely than working former recipients to have two or more problems with their housing conditions. Research has shown that often poor housing conditions can cause or exacerbate health problems also experienced by recipients.[c] While such use of TANF funds is permissible, it is not currently clear what types or cost of repairs are allowable. Finally, states should be encouraged to consider housing needs in TANF planning and implementation, and cooperation among welfare agencies and public housing agencies should be encouraged. Better cooperation between housing and TANF agencies could lead to an integration of the services provided by both agencies.

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[a] Anu Rangarajan, *Keeping Welfare Recipients Employed: A Guide for States Designing Job Retention Services*. Princeton, NJ: Mathematica Policy Research, Inc., 1998, http://www.mathematica-mpr.com/PDFs/pesdemp.pdf.

[b] Anu Rangarajan and Robert G. Wood, *Work First New Jersey Evaluation: How WFNJ Clients are Faring Under Welfare Reform: An Early Look*, Princeton, NJ: Mathematica Policy Research, Inc., 1999, http://www.mathematica-mpr.com/PDFs/wfnj.pdf.

[c] Polit, London, and Martinez, 2001.

who are unable to work, the study noted that in counties where TANF recipients with barriers were exempted from work requirements, they were much less likely to receive any services to assist them to address these impairments and take steps toward employment.[22]

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[22] GAO, 2001.

The Relationship Between Barriers and Sanctions

Research has demonstrated that a large proportion of families that are sanctioned for failing to comply with program activities experienced barriers to employment. In many states, families in which an adult does not comply with program requirements is terminated entirely from the cash assistance program.

- The MDRC study found that recipients with a larger number of health problems were more likely to be sanctioned than healthier recipients. One-third of the women with three or more barriers, compared with about one-fourth of those who had no barriers, reported having been sanctioned by the welfare agency. The health barriers most strongly associated with reports of being sanctioned were physical abuse, being at risk of depression and having a child with a health problem.[23]

- A study conducted by the Minnesota Department of Human Services as part of a welfare reform demonstration project begun prior to the enactment of the 1996 welfare law found that sanctioned families were four times as likely as the caseload as a whole to have a substance abuse problem, three times as likely to have a family health problem, twice as likely to have a mental health problem, and twice as likely to have been a recent victim of domestic violence.[24]

- A South Carolina study compared families that were sanctioned with families that left welfare due to earnings during the first six months of TANF implementation in the state. The study found that sanction rates were substantially higher among recipients with low education levels than among those with more education. Some 36 percent of recipients with nine to 11 years of education were sanctioned, compared with 24 percent of high school graduates and 18 percent recipients with education beyond high school.[25]

- In a Utah study, 55 percent of sanctioned families cited transportation as a barrier to employment, and almost a quarter of respondents said lack of transportation was the primary reason they were unable to comply.[26]

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[23] Polit, London, and Martinez, 2001.

[24] Minnesota Department of Human Services, Internal Memorandum, 1996.

[25] Marilyn Edelhoch, Qiduan Liu and Linda Martin, *The Post-welfare Progress of Sanctioned Clients*, South Carolina Department of Social Services, November 1999.

[26] Michelle K. Derr, *The Impact of Grant Sanctioning on Utah's TANF Families*, University of Utah, October 1998.

Is Today's TANF Caseload More Disadvantaged?

As cash assistance caseloads fell dramatically over the past five years, many policymakers and program administrators wanted to know whether the families now receiving cash assistance experience more barriers to employment than those who received welfare several years ago when caseloads were larger. Surprisingly, two studies have found that today's caseload is not significantly more disadvantaged than the welfare caseload of earlier years. A GAO study found that adults receiving cash assistance in 1999 were no more likely than their counterparts in 1994 to have physical or mental impairments. Similarly, the Urban Institute compared those who received cash assistance in 1997 with 1999 recipients and found that both groups had similar incidences of health problems and low education levels.

There are several possible explanations for these puzzling findings. First, many families with barriers to employment have lost assistance due to sanctions. Sanction policies became more stringent under TANF and the number of families affected by sanctions has increased over time. Had a large number of families with barriers not lost assistance due to sanctions, current caseloads might be larger and exhibit higher rates of barriers than is now the case.

New requirements imposed on individuals *applying* for cash assistance also may have kept some recipients with barriers off the rolls. Many states have increased the requirements an applicant must meet before a TANF cash assistance application is approved. For example, many states require applicants to participate in a job search program prior to approving a cash assistance application. If parents with barriers have difficulty meeting these requirements – or if the requirements discourage such a parent from applying at all – some disadvantaged families may not be coming onto the rolls.

It is also possible that these counter-intuitive results stem from the way in which "barriers" are measured. Some researchers have suggested that the survey instruments used by GAO and the Urban Institute understate the extent of barriers among TANF recipients. For example, the Urban Institute study relied on self-disclosure of health problems rather than a more sensitive survey instrument. It is possible that if more sensitive measurement tools had been used to determine prevalence rates of various barriers of both current and former recipients, differences between the two groups would emerge.

These findings suggest that work barriers can impede a recipient's ability to meet program requirements. This may be because the particular work activities that a recipient has been assigned to are inappropriate based on her individual circumstances or that appropriate supportive services to help the recipient overcome the barrier are not in place. Placement in an inappropriate activity could arise because the state failed to identify the recipient as having a barrier. A state also may not have appropriate activities available for individuals it does identify as having particular barriers.

Families with Barriers and TANF: Where Do We Go From Here?

As the preceding discussion shows, a significant number of current TANF recipients as well as those who have been sanctioned off the program have various barriers to finding and maintaining employment. Families with work barriers have lower employment levels and are more likely to be sanctioned for program noncompliance than families without work barriers. Welfare reauthorization offers an opportunity to improve services and outcomes for these disadvantaged recipients and their families.

Allowing States to Count Individuals Placed in "Barrier-Removal" Activities Toward the Federal Work Participation Rates

Under current law, adults must participate in a narrow set of work activities for a specified number of hours in order to count toward a state's work participation rate. In general, to be counted toward the work rates, adults must participate in job search programs, work in subsidized or unsubsidized jobs, participate in work experience or community service, or participate in vocational education (though the number of adults who can participate in education activities is subject to special limitations). The poor labor market outcomes of recipients with barriers documented by research in this area suggest that they may need to participate in activities designed to address their barriers, such as mental health counseling, substance abuse treatment, or English-as-a-Second Language classes, rather than exclusively participating in the limited set of countable work activities set out in current law. Without access to such activities, recipients may be forced into inappropriate activities that do not help them move toward employment and may result in a sanction if the recipient is unable to meet program expectations.

States should be given broad flexibility to place recipients in barrier-removal activities and federal law should allow states to count recipients participating in such activities toward federal work participation rates.

Some may argue that states do not need additional flexibility in this area because federal law does not prohibit them from engaging families in a broader array of activities. This objection stems from the fact that over the past five years, states have had little difficulty meeting federal work participation requirements due to provisions in the law that lower required work rates for each state based on past caseload decline.[27] While states have had flexibility to place recipients in an array of activities to address barriers without jeopardizing their ability to meet the federal work participation requirements, it is unclear whether this will be the case in the future. TANF reauthorization may alter the way in which work participation rates are set and states may no longer face very low "effective" work participation rates. If this occurs, broader flexibility will be

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[27] Under current law, states are required to place a specified percentage of TANF assistance recipients into a set of specified work activities. This percentage, however, was reduced based on the extent to which assistance caseloads had declined since 1995. Because states experienced such large caseload declines, the actual work participation rates they were required to meet were quite low and in some cases were zero.

needed or states will be unable to place large numbers of recipients in barrier-removal activities and still meet the work participation requirements.

Even if the work participation rates states actually must meet are not increased substantially, language in the federal statute that makes clear that placing recipients in activities designed to address barriers to employment is consistent with TANF goals could encourage more states to engage recipients in such activities. The GAO study shows that, despite state flexibility in this area and low "effective" work participation rates over the past five years, many recipients who needed services to address barriers did not receive them. This may be due, in part, to the TANF law's strong signals recipients should be engaged in a narrowly defined set of work activities.

Finally, some also may feel that this additional flexibility will dilute the welfare law's strong focus on work. The experience of several states that had welfare waiver programs in place prior to the enactment of the 1996 welfare law suggests this is not the case. These states have been permitted to count recipients participating in barrier-removal activities toward the federal work participation rates. There is no evidence that the ability to count a broader range of activities diminished the overall emphasis on work in these states.

Developing Sanction Procedures that Address Barriers and Increase Compliance

As discussed earlier, barriers to employment are especially prevalent among families that have been sanctioned, suggesting that barriers may be impeding recipients' ability to comply fully with program requirements. Under TANF, many states have adopted full-family sanctions that terminate assistance to the entire family when an adult recipient does not meet work requirements. Between 1997 and 1999, 540,000 families lost assistance because of full-family sanctions.[28] Many others had their benefits reduced because of partial sanctions.

To avoid inappropriately sanctioning vulnerable families, some states and counties have adopted *pre-sanction* review procedures that assess family circumstances, provide information about how to comply with program requirements to families, and offer, when needed, additional supports and services to families to facilitate compliance. These pre-sanction procedures have been found to reduce sanction rates and increase compliance with TANF work requirements. For example, in a pre-sanction review program in Tennessee, about one-third of the families that were slated to receive full-family sanctions in 1999 ultimately did not receive them as a result of this pre-sanction review process. In 70 percent of these cases, the parent came into compliance. In the

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[28] Goldberg, 2000. This estimate reflects the cumulative number of families that have lost assistance during these two years. The estimate was derived from a GAO report stating that an average of 16,000 families per month lost cash assistance due to full-family sanctions in 1998. However, because full-family sanctions usually keep families off assistance beyond the initial month of closure, the total number of families without assistance due to sanctions at any given point is many times larger than the number of new case closures each month. Using GAO's numbers along with state-level data, The Center on Budget and Policy Priorities estimated the number of families that lost assistance following a full-family sanction sometime between 1997 through 1999.

remaining 30 percent, the reviewers found errors in caseworkers' application of the sanction policies.[29]

Similar procedures that meet the following criteria should be implemented in all state TANF programs:

- A comprehensive assessment should be conducted prior to a sanction being imposed to determine why the family did not meet program expectations, including whether the family has barriers that prevent full compliance.

- If barriers are found, states should determine whether a change in work activities is needed to ensure that the program expectations are appropriate based on the family's circumstances. The state also should ensure that the family has the services it needs to meet program expectations.

Some will object to imposing a requirement on states in this area. Substantial evidence demonstrates, however, that a properly designed pre-sanction review procedure will increase the number of recipients complying with program requirements, while ensuring that families have adequate notice of what is expected of them and the supports they need to comply. Moreover, the fact that some states have adopted effective pre-sanction procedures suggests that such procedures do not present significant administrative burdens. Finally, the very large number of families that have lost assistance due to sanctions coupled with the high prevalence of barriers among these sanctioned families indicate that this is an area in which the broad flexibility afforded states in the 1996 welfare law went too far. Based on this experience and the existence of successful program models that reduce sanction rates while increasing compliance with work requirements, additional protections for parents are warranted in this area.

To assist states in this area, HHS should be given resources to develop materials that both provide information on successful pre-sanction programs as well as model screening and assessment tools.

Finally, the goal of sanctions should be to encourage compliance with program rules so that families can ultimately move into employment. Currently, however, when a recipient comes into compliance with program rules, many states do not lift the sanction for several additional months. Some states impose minimum sanction durations that last as long as 12 months, or even 36 months in one state. Long sanction periods can provide a disincentive to an individual to comply since the family will not see its benefits restored despite compliance and can leave poor families in which a parent is willing to comply with program rules without basic assistance. Often sanction notices are not clear and a parent may not know when the sanction period is over and

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[29] For more information on the effectiveness of these procedures, see Heidi Goldberg, *A Compliance-Oriented Approach to Sanctions In State and County TANF Programs*, Center on Budget and Policy Priorities, October 2000, http://www.cbpp.org/10-1-00TANFcover.htm.

State Experience Has Demonstrated the Importance of Pre-Sanction Review Procedures

Among the states that have implemented pre-sanction procedures, the procedures adopted in Maine and Tennessee are especially notable. The experiences in these states illustrate how such procedures can increase positive outcomes for families at risk of a sanction.

In both Tennessee and Maine, the state reviews the family's circumstances prior to imposing a sanction to determine if the family had a "good cause" reason for not complying. All families are given a second opportunity to come into compliance and if the family does comply, no sanction is imposed. Such procedures help ensure that families understand what is required of them. This is particularly important because confusing notices — particularly for individuals with limited literacy skills — often can leave families unsure of how to come into compliance. In Tennessee, about one-third of the families that were slated to receive full-family sanctions in 1999 ultimately were not sanctioned as a result of this pre-sanction review process. In 70 percent of these cases, the parent came into compliance. In the remaining 30 percent, the reviewers found errors in caseworkers' application of the sanction policies.

The Tennessee process also allowed families with barriers to employment to enter the Family Services Counseling program. In this program, families work closely with a social worker who conducts a thorough assessment and provides services to address barriers that are identified in the assessment. The counselor can revise the individual's work plan to include various barrier-removal activities (such as mental health counseling) or, when necessary, can temporarily suspend work requirements or time limits.

how to regain assistance because contact with the welfare office can be lost during that time. Restoring benefits upon compliance, by contrast, sends the message that compliance is the ultimate goal, helps the family move toward employment sooner, and alleviates family hardships that result when a family in which a parent is willing to comply with program rules is sanctioned. Federal law should prohibit states from continuing a family's full-family sanction after the adult comes into compliance and remains in compliance for a reasonable period of time.

Improving Service Delivery for Families with Barriers

In discussions about improving policies for individuals with barriers, program design and implementation changes often are identified as key to improving outcomes for families with barriers. States have a very difficult task at hand to meet the needs of families with barriers to employment. While some states and counties have taken steps to meet this challenge, research has identified numerous problems in the implementation of services for families with barriers in states and counties across the country. As discussed earlier, the GAO study found that screening for barriers to employment was inadequate in most counties. Half of the counties surveyed did not know how many recipients they served had physical or mental impairments. The report also

showed that even when screening was performed, families often did not receive the services needed to address the barriers that had been identified.

Reauthorization legislation could assist states to meet the challenges of serving families with barriers by providing them with funding to create a panel to review state TANF-funded programs. The panel would study how well these programs meet the needs of families with various barriers to employment and identify areas that need improvement. The panel should consist of state representatives, experts in service provision to various groups of individuals (such as those with physical or mental impairments or those with substance abuse problems), advocates who represent or work with low-income families, and recipients themselves. For example, a barrier review panel may examine the work activities in which recipients participate to determine whether the activities are appropriate for recipients with different characteristics. The panel could research best practices in this area from around the country and make recommendations about how employment services could be more responsive to the needs of, for example, parents with a learning disability.

Time Limits: Flexibility to Grant Extensions

States should be given broader flexibility to continue providing assistance to families that reach the federally mandated 60-month time limit. Federal law does not include the kinds of exemption and extension criteria that many states with time limits have already adopted. For example, in some states with time limits of shorter than five years, families in which a parent has a disability or is caring for a disabled child are not subject to time limits. Current federal law simply allows states to provide extensions to a certain *number* of recipients such that no more than 20 percent of the caseload can consist of families that have exhausted their 60 months of time-limited benefits. In the short run, the 20 percent limitation may pose few problems. Over the longer-term, however, as more families exhaust their time-limited benefits, states may need greater flexibility to provide extended assistance to those families the state believes require such aid.

Given states' demonstrated commitment to reducing caseloads and limiting the amount of time families receive assistance, the current 20 percent limitation on hardship extensions is unnecessary. It seems unlikely that granting broader state flexibility in this area would result in states reducing their efforts to move families from welfare to work; it would allow, however, states to adopt simpler extension rules without having to worry about exceeding an arbitrary limit.

While states can use state maintenance-of-effort (MOE) funds to provide benefits to families that exhaust their 60 months of federally-funded benefits, this does not provide sufficient flexibility for states.[30] Policymakers often are hesitant to use MOE in ways which may appear

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[30] States are required to spend a certain level of state resources on TANF-related programs. These funds are called "maintenance-of-effort" funds. The current TANF law provides that families receiving assistance funded entirely with MOE funds are not subject to the federal 60-month time limit.

contrary to the broad direction of federal law, even when such spending is wholly legal. Under the current structures, many view using MOE funds in this way as contrary to the intent of the 1996 welfare law. Some states also are hesitant to use MOE funds in this manner because of the administrative complexity involved with ensuring that certain families receive MOE-funded benefits while other families receive TANF-funded benefits. Finally, MOE funds constitute a limited percentage of available TANF funding in some states. In 12 states, MOE funds comprise less than 30 percent of total TANF funding. These states should have the same ability to provide extensions when necessary as other states with more substantial MOE funds.

Funding Innovative Strategies to Improve Employment Outcomes For Recipients with Barriers

Reauthorization legislation also should include funds for demonstration projects that test new approaches to improving the employment outcomes of families with various barriers to employment. In the past, demonstration projects have provided important information to all states about how to structure effective employment programs, but little work has been done to test approaches designed to help families with particular barriers. For example, demonstration projects could test various approaches to helping recipients with very low skill levels, certain mental health problems, or housing barriers find and retain employment.

Federal funding also should be provided to expand transitional jobs programs, which already have shown considerable promise as a strategy for the most disadvantaged TANF recipients. These programs provide short-term, wage-paying subsidized jobs for parents who have not obtained or maintained employment in more traditional welfare-to-work programs. A survey of 30 transitional jobs programs across the country found that 50 to 75 percent of participants are placed in unsubsidized jobs within six to nine months of enrollment.[31] Research on the employment services provided to recipients in Washington State measured the effects various types of work activities on recipients' employment and earnings. The researchers found that the transitional jobs program increased employment rates of recipients by 33 percent and increased earnings by almost $800 per quarter as compared to the employment rates and earnings that would have been expected had they not participated in any program. The study also found that the transitional jobs program had larger effects on employment rates and earnings levels than most other work activities.[32] Federal funding both would encourage additional states to implement transitional jobs programs and would help sustain current programs, many of which had relied previously on funding from the expired Welfare-to-Work grants.

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[31] Unpublished survey conducted by the Center on Law and Social Policy, 2001.

[32] Marieka Klawitter and Daniel Evans, *Effects of WorkFirst Activities on Employment and Earnings*, Daniel J. Evans School of Public Affairs, University of Washington, September 2001.

Conclusion

Research has demonstrated the high prevalence of various barriers to employment among TANF recipients and the effect these barriers have on recipients' ability to attain stable employment. TANF reauthorization legislation should build on the experience of the past five years to ensure that in the coming years, families with barriers get the help they need to secure employment.